

CALIFORNIA ENERGY COMMISSION

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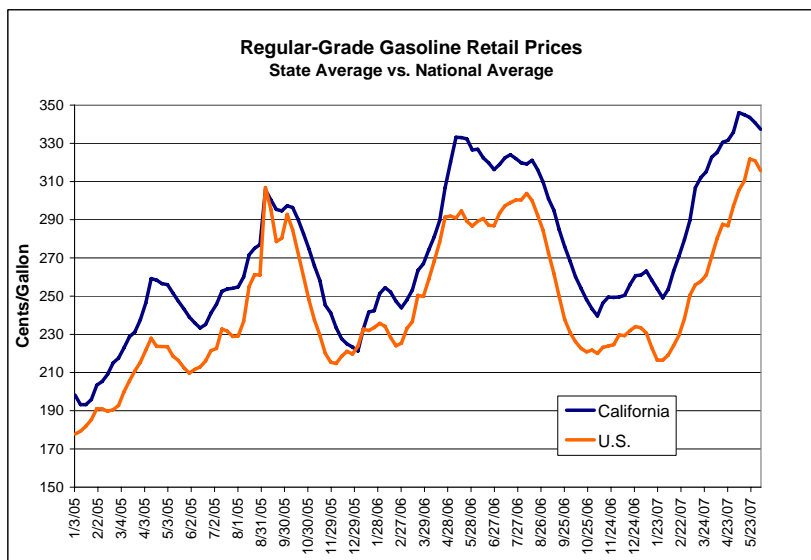
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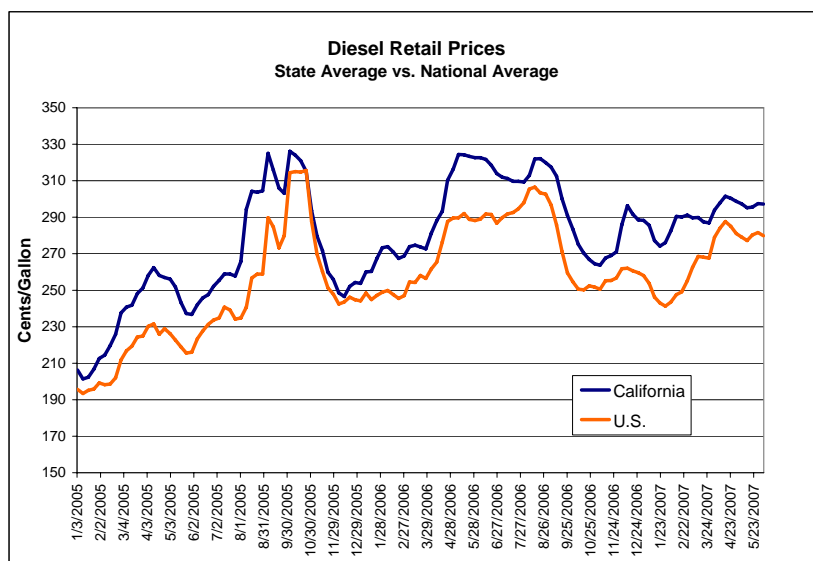
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**Petroleum Watch****June 8, 2007*****Retail Gasoline and Diesel Prices on June 4***

- For the fourth consecutive week, the average California **retail price for regular-grade gasoline** decreased, falling 3 cents from last week to \$3.37 per gallon. Prices have decreased 9 cents from the record high of \$3.46 per gallon for May 7 reported in our last report but are 11 cents per gallon higher than the same time last year.ⁱ
- The difference between California and U.S. retail gasoline prices fell to 22 cents per gallon, 19 cents less than on May 7. U.S. gasoline prices rose 10 cents since May 7 to \$3.16 per gallon, 27 cents more than reported at this time last year.



- The average California **retail diesel price** remained at \$2.97 per gallon, the same price as on May 7. The U.S. retail diesel price also showed little change, only increasing a penny to \$2.80 per gallon. The difference between California and U.S. prices decreased a penny since May 7 to 17 cents per gallon.

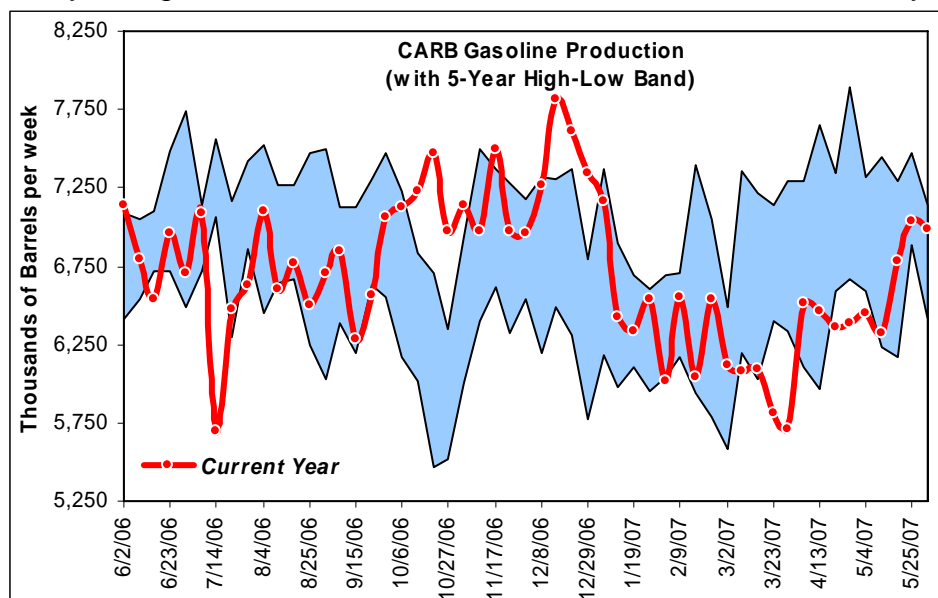


Wholesale Gasoline and Diesel Prices on June 5

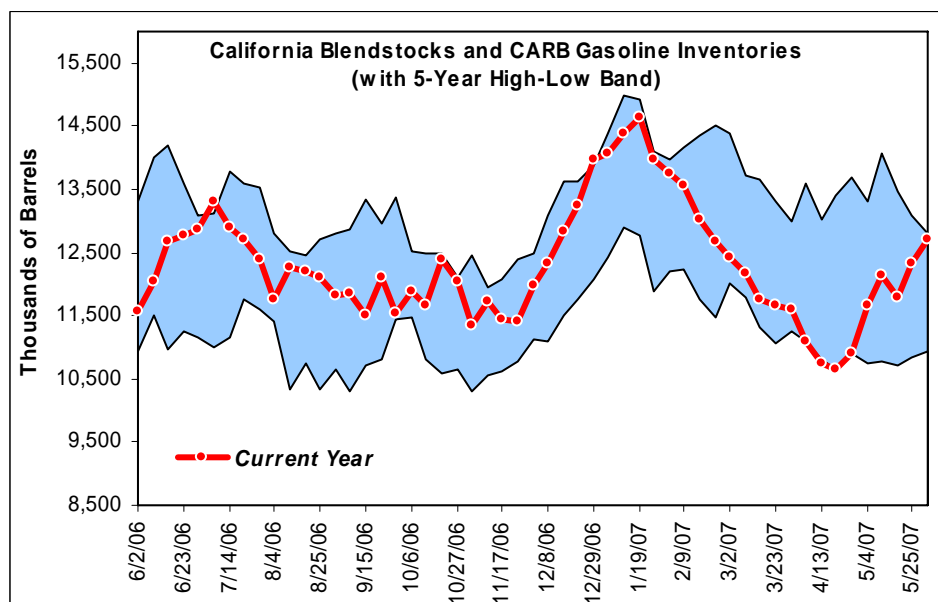
- Demand for gasoline continues to be strong this spring. However, the return to more normal production levels at several refineries in recent weeks and the resulting increase in California's inventories has pushed down wholesale prices.
- California spot wholesale gasoline prices for regular-grade reformulated blendstock for oxygenate blending (RBOB) decreased to \$2.34 per gallon, 24 cents per gallon less than our last report for May 8 and 7 cents per gallon less than on the same day last year.
- Spot prices for RBOB in Los Angeles are 9 cents higher than New York Harbor and 4 cents higher than Gulf Coast, compared to 31 cents more than both on May 8.
- California spot **wholesale ultra low-sulfur diesel prices** have increased since our last report to \$2.23, 16 cents more than on May 8 but 14 cents less than the same day last year.
- California wholesale ultra low-sulfur diesel prices are 14 cents per gallon more than New York Harbor and 16 cents more than the Gulf Coast, up from 12 cents and 13 cents more, respectively, on May 8.
- California spot gasoline prices ended the reporting week at 11 cents more than California diesel, compared to 51 cents more on May 8.
- The Energy Information Administration's (EIA) weekly report for June 1 shows that **U.S. gasoline demand** increased 0.1 percent from the previous week, while distillate demand declined 5.8 percent from last week. The four-week average demand for gasoline is 9.45 million barrels per day, 1.3 percent more than the four-week average at the same time last year. The four-week average for U.S. distillate demand is 4.17 million barrels per day, 2.8 percent more than the same period last year.

Refinery Production and Inventories

- **Reformulated gasoline production** in California for the week ending June 1 decreased 0.7 percent from the previous week to 6.99 million barrels, 2.1 percent less than a year ago. Production levels remain in the middle of the five-year range.ⁱⁱ



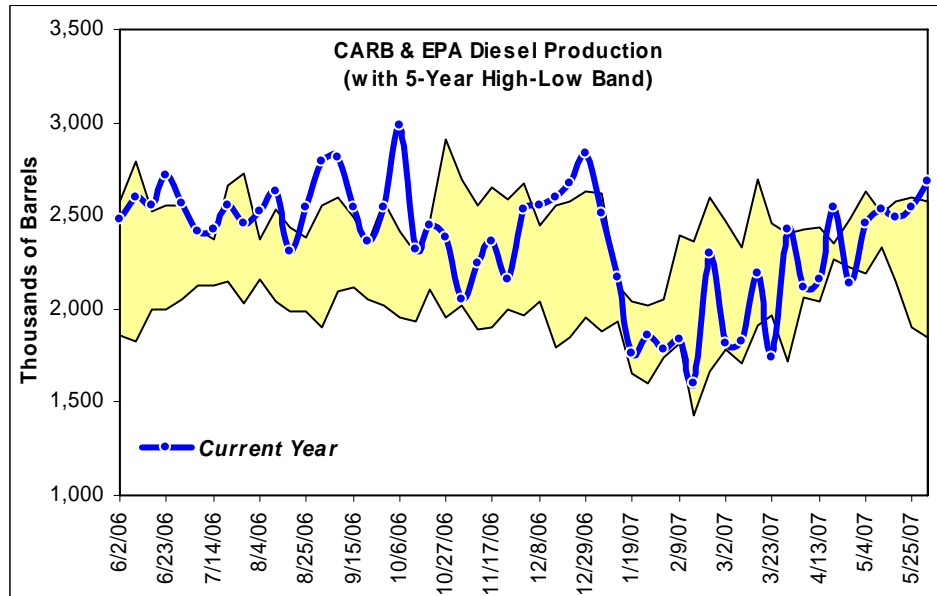
- California reformulated gasoline inventories increased by 1.4 percent last week, while gasoline blendstock inventories rose 4.3 percent. As a result, **combined inventories** of reformulated gasoline and gasoline blendstocks in the state **increased by 3.1 percent** to 12.7 million barrels, climbing to the top of the five-year range.



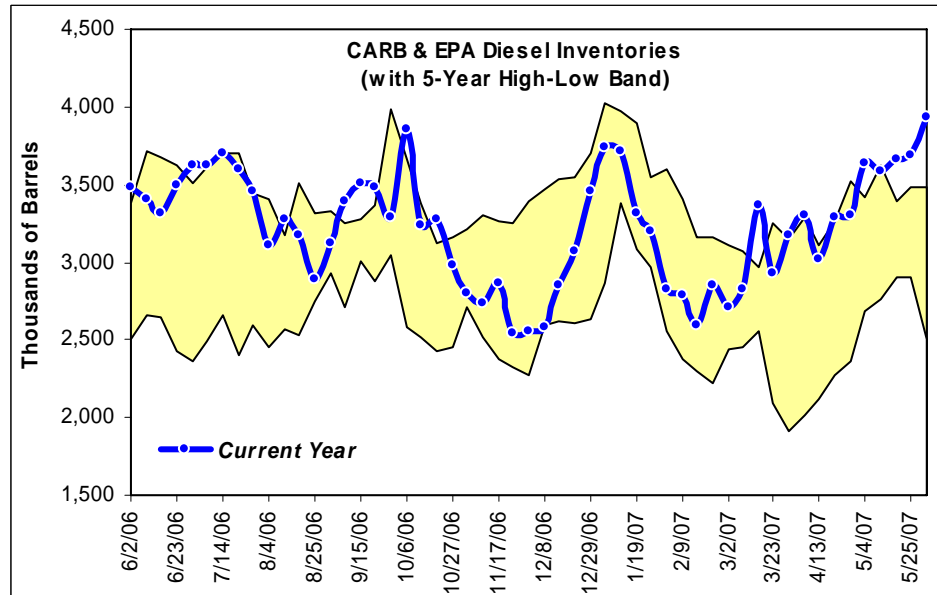
- U.S. gasoline inventories as of June 1 were at 201.5 million barrels, 3.5 million barrels more than the previous week and 8.1 million barrels more than May 4.

Inventories decreased on the East Coast but increased sharply on the West Coast and Gulf Coast during the latest week.

- California **ultra low-sulfur diesel production** during the week ending June 1, including both California diesel and U.S. Environmental Protection Agency (EPA) diesel, increased to 2.68 million barrels, 5.1 percent more than the previous week and 8.1 percent more than a year ago.

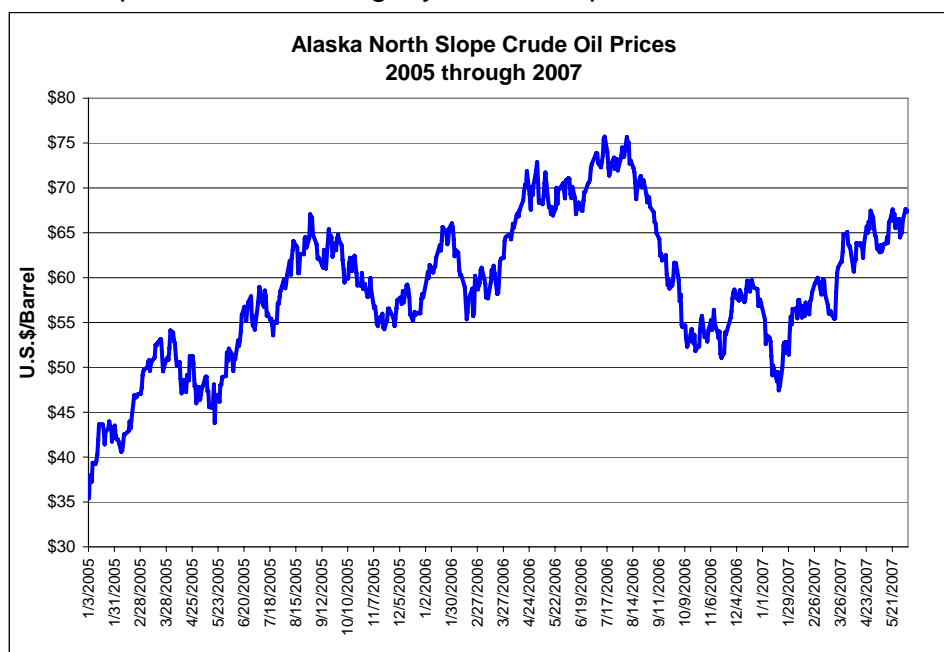


- Combined **ultra low-sulfur diesel inventories** in California increased 6.5 percent from the previous week to 3.94 million barrels, climbing well above the five-year range. Total U.S. distillate inventories as of June 1 rose to 122.3 million barrels, 1.86 million barrels more than the previous week. Inventories increased on the Gulf Coast and East Coast but decreased on the West Coast from the previous week.



Crude Oil Prices and Inventories

- Since our last report, West Coast prices for Alaska North Slope (ANS) crude oil, an important refinery feedstock for California, rose almost \$5 per barrel to a recent high of \$67.66 per barrel as of June 4. The increases resulted from attacks on oil installations that shut down more production in Nigeria, insurgents blowing up an oil well in northern Iraq, and BP reducing Prudhoe Bay, Alaska, production by 100,000 barrels per day for several days. The Alaska production and some of the Nigerian production was gradually brought back on-line, but the unusual approach and landfall of a cyclone in Oman near the Straits of Hormuz in the Persian Gulf held prices higher until it passed without significant disruption to oil installations or tanker traffic. ANS oil prices fell back slightly to \$67.46 per barrel on June 6.ⁱⁱⁱ



- U.S. commercial crude oil inventories as of June 1 grew by 112,000 barrels from the previous week to 342.3 million barrels. Crude oil stocks are 4.3 million barrels less than last year but still 23.7 million barrels higher than the five-year average. California crude oil stocks grew 3.1 percent from the previous week to 14.6 million barrels and are now 8.2 percent higher than last year.

ⁱ Spot wholesale and retail gasoline and diesel prices and U.S. crude oil and product inventory estimates are from the Energy Information Administration of the U.S. Department of Energy.

ⁱⁱ California refinery production and inventory information is from the Petroleum Industry Information Reporting Act (PIIRA) database maintained by the California Energy Commission.

ⁱⁱⁱ ANS crude oil prices are from *The Wall Street Journal*.